

**SENATE COMMERCE, LABOR AND AGRICULTURE COMMITTEE**  
**Amendment No. 1**

**AMENDMENT NO.** \_\_\_\_\_

\_\_\_\_\_  
**Signature of Sponsor**

**AMEND Senate Bill No. 287**

**House Bill No. 270\***

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

by deleting all language after the enacting clause and by substituting instead the following:

Section 1. Tennessee Code Annotated, Section 45-5-102(10), is amended by deleting subsection (10) in its entirety and by substituting instead the following:

(10)(A) "Investment certificate" means a writing by which an industrial investment company evidences its receipt of money from a natural person and its obligation to repay the same, with interest, in accordance with the provisions thereof, which certificates are not insured by an agency of the United States government.

(B) "Investment certificate" does not include:

(i) promissory notes, bonds, debentures, commercial paper and the like issued by an industrial loan and thrift company or industrial investment company or industrial bank to a bank, insurance company or other commercial lender; or

(ii) a promissory note - provided that the note is nonnegotiable and includes a provision to the effect that any attempt at its assignment to any person other than the maker, a bank, insurance company, or other commercial lender shall be null, void and of no effect - issued by an industrial loan and thrift company to the following:

(a) a bona fide executive officer who works at least thirty (30) hours per week at such company (or to members of his or her immediate family); or

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(b) a voting member of the board of directors of such company (or to members of his or her immediate family); or

(c) to a shareholder (including a beneficial owner) of such company where such shareholder and members of such shareholder's immediate family own at least twenty-five percent (25%) of the outstanding voting shares of such company.

(C) For purposes of subdivision (B)(ii), "immediate family" shall include a note payee, and such payee's parents, grandparents, siblings, children and grandchildren.

(D) The determination of whether an obligation is exempted from the definition of "investment certificate" shall be made at the time such note is first made. The burden of demonstrating to the commissioner that an obligation is not an "investment certificate" shall be on the registrant, and the registrant shall file its reports under this chapter in a manner which clearly reflects that such exempt status is being claimed.

Section 2. This act shall take effect July 1, 1997, the public welfare requiring it.

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